

## Workers' Compensation Fraud

### DESCRIPTION OF MAJOR SERVICES

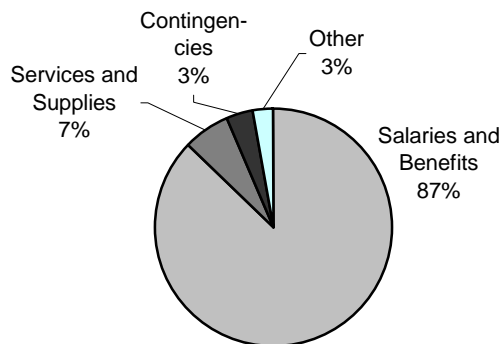
The Department of Insurance, pursuant to Section 1872.83 of the California Insurance Code, distributes funds to the District Attorney's Office for the investigation and prosecution of Workers' Compensation Insurance Fraud. These assessed funds represent a percentage of the total premiums collected by workers' compensation insurance companies and are distributed to investigate and prosecute workers' compensation fraud claims or claims relating to the willful failure to secure the payment of workers' compensation. Of all money collected by the state, 56% is retained by the state for fraud investigation and 44% is distributed statewide to District Attorney offices through a grant program. This budget unit administers those funds.

### BUDGET AND WORKLOAD HISTORY

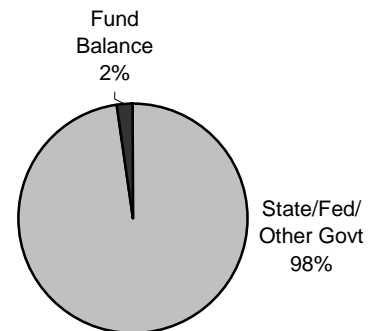
|                      | <b>Actual<br/>2003-04</b> | <b>Budget<br/>2004-05</b> | <b>Estimate<br/>2004-05</b> | <b>Proposed<br/>2005-06</b> |
|----------------------|---------------------------|---------------------------|-----------------------------|-----------------------------|
| Appropriation        | 870,434                   | 961,538                   | 917,411                     | 1,059,127                   |
| Departmental Revenue | 589,850                   | 950,000                   | 930,000                     | 1,035,000                   |
| Fund Balance         |                           | 11,538                    |                             | 24,127                      |
| Budgeted Staffing    |                           | 7.0                       |                             | 7.0                         |

Estimated Appropriation is less than Budgeted Appropriation due to Salaries and Benefits savings. Expenditures were monitored closely in 204-05, as actual revenue is expected to be lower than budgeted revenue. The lower revenue contributes to the lower projected fund balance. Budgeted revenue in 2005-06 is increased to reflect the department's planning budget, which has already been approved by the state. The revenue increase will be offset by an increase in salaries and benefits due to increased retirement costs, workers' compensation expense, and vehicle charges.

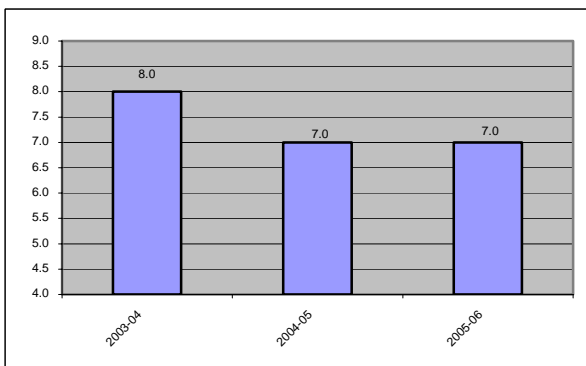
### 2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY



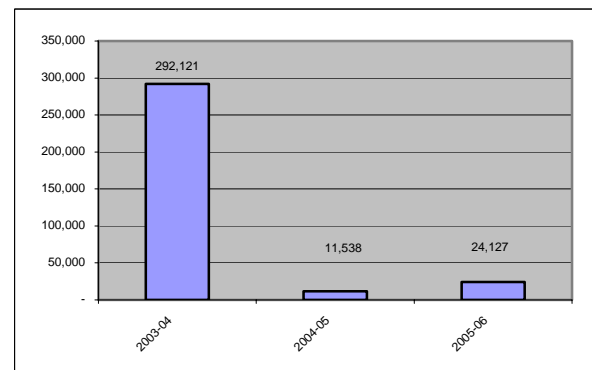
### 2005-06 BREAKDOWN BY FINANCING SOURCE



### 2005-06 STAFFING TREND CHART



### 2005-06 FUND BALANCE TREND CHART



GROUP: Law & Justice  
DEPARTMENT: District Attorney  
FUND: Workers Comp Insurance Fraud

BUDGET UNIT: ROB DAT  
FUNCTION: Public Safety  
ACTIVITY: Workers Comp Insurance Fraud

## ANALYSIS OF 2005-06 BUDGET

|                             | A                                | B                       | C   | D                                | B+C+D<br>E                          | F<br>Department<br>Recommended<br>Funded<br>Adjustments<br>(Schedule A) | E+F<br>G                      |
|-----------------------------|----------------------------------|-------------------------|---|----------------------------------|-------------------------------------|---|-------------------------------|
|                             | 2004-05<br>Year-End<br>Estimates | 2004-05<br>Final Budget | Cost to Maintain<br>Current Program<br>Services | Board<br>Approved<br>Adjustments | Board<br>Approved<br>Base<br>Budget |   | 2005-06<br>Proposed<br>Budget |
| <b>Appropriation</b>        |                                  |                         |   |                                  |                                     |   |                               |
| Salaries and Benefits       | 815,713                          | 837,996                 | 54,478  | -                                | 892,474                             | 26,828  | 919,302                       |
| Services and Supplies       | 67,454                           | 75,267                  | 1,420   | -                                | 76,687                              | (7,769)   | 68,918                        |
| Central Computer            | 3,994                            | -                       | 4,165   | -                                | 4,165                               | -   | 4,165                         |
| Transfers                   | 30,250                           | 31,699                  | -   | -                                | 31,699                              | (932)   | 30,767                        |
| Contingencies               | -                                | 16,576                  | -   | -                                | 16,576                              | 19,399  | 35,975                        |
| Total Appropriation         | 917,411                          | 961,538                 | 60,063  | -                                | 1,021,601                           | 37,526  | 1,059,127                     |
| <b>Departmental Revenue</b> |                                  |                         |   |                                  |                                     |   |                               |
| Use Of Money & Prop         | 2,000                            | -                       | -   | -                                | -                                   | 2,000   | 2,000                         |
| State, Fed or Gov't Aid     | 928,000                          | 950,000                 | -   | -                                | 950,000                             | 83,000  | 1,033,000                     |
| Total Revenue               | 930,000                          | 950,000                 | -   | -                                | 950,000                             | 85,000  | 1,035,000                     |
| Fund Balance                |                                  | 11,538                  | 60,063  | -                                | 71,601                              | (47,474)  | 24,127                        |
| Budgeted Staffing           |                                  | 7.0                     | -   | -                                | 7.0                                 | -   | 7.0                           |

Increases in Cost to Maintain Current Program Services include increased costs for MOU, Worker's Compensation, and Retirement; as well as increases in Risk Management premiums. Costs for Central Computer have increased due to direct billing to budget unit by ISD. Although revenue is increased in 2005-06, this budget unit's fund balance has decreased as a result of salaries and benefits costs outpacing revenues.

DEPARTMENT: District Attorney  
FUND: Workers Comp Insurance Fraud  
BUDGET UNIT: ROB DAT

## SCHEDULE A

## DEPARTMENT RECOMMENDED FUNDED ADJUSTMENTS

| Brief Description of Program Adjustment   | Budgeted<br>Staffing | Appropriation | Departmental<br>Revenue | Fund Balance |
|---|----------------------|---------------|-------------------------|--------------|
| 1. Increase Salaries and Benefits<br>Increased costs for benefits and step increases.   | -                    | 26,828        | -                       | 26,828       |
| 2. Reduce Service and Supplies<br>Reduce general office expenses to allow for direct billing of ISD 2410 charges and increase in Risk Management Premiums. ISD now directly bills this budget unit for 2410 charges. In prior years, charges were billed to the DA's general fund budget and department staff would make monthly adjustments. The direct billing of the 2410 charges is reflected in "Cost to Maintain Current Program Services." | -                    | (7,769)       | -                       | (7,769)      |
| 3. Reduce Transfers<br>Reduction in transfer for rent based on recalculation of actual space occupied by unit staff   | -                    | (932)         | -                       | (932)        |
| 4. Increase Contingencies<br>Lower than budgeted expenditures in 2004-05, combined with increased revenue, will increase contingencies in 2005-06.  | -                    | 19,399        | -                       | 19,399       |
| 5. Increase Revenue<br>Dept of Insurance provides a planning budget upon which the department builds its application. The planning budget amount was increased over 2004-05 and used for the department's budget. The department has also included interest income in its revenue projections this year.  | -                    | -             | 85,000                  | (85,000)     |
| <b>Total</b>  | -                    | 37,526        | 85,000                  | (47,474)     |

